

State's Poor to Lose \$2 Million in Legal Aid

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DETROIT—(BUSINESS WIRE)—Nov. 13, 2002—Michigan will lose \$2 million in federal funding and \$600,000 in state funding to provide legal aid to the poor in 2003, according to Deierdre L. Weir, executive director of the Legal Aid and Defender Association, Inc., the state's largest provider of legal services to the poor.

Current federal funds of nearly \$10.7 million from the Legal Services Corporation (LSC) will drop to \$8.7 million for next year, according to Weir. She said that the reductions reflect a decline in the number of persons in the state who are living in poverty, according to the U.S. Census Bureau's 2000 census.

LSC uses census data to determine funding across the nation, and according to the census, the state's poverty population fell from an estimated 1.2 million in 1990 to an estimated 968,000 in 2000.

The state's legal aid agencies are also bracing for yet another cut in 2003 of some \$600,000 of state funding. A portion of filing fees paid by litigants in the state's circuit courts, and a portion of interest on lawyers trust accounts (IOLTA) are earmarked for Michigan legal aid programs. These funds are expected to drop from currently \$7.5 million in 2002 to \$6.9 million when the Michigan State Bar Foundation makes distributions next year. Most of the decrease is attributed to the past year's low interest rates.

"The irony of these funding cuts is that while there may be fewer poor people in Michigan today, the demand for service will not change because the poverty population remains so large and the legal aid funding so little that local providers will never be able to serve all who need our service," said Weir. "It's as if the poor will be victimized twice—once for being poor and again as victims of these funding cuts."

The U.S. Census Bureau, in spite of its best efforts, cannot locate every poor person living in a census tract, therefore the poor are also undercounted, added Weir.

The brunt of these cuts will be felt most in Wayne County where according to the census some 333,000 poor people live, the largest concentration of poverty in the state. LAD will lose more than \$870,000 for legal aid in Wayne County, nearly half of the state's total loss, said Weir.

While difficult to measure, the loss of funds will mean that several thousand of Michigan's poor in need of legal service will not receive it, or they will receive significantly limited service. Cutbacks will include service in such civil legal matters as landlord-tenant, bankruptcy, consumer, child custody, predatory lending, mortgage foreclosure, utility shutoffs, social security, wills, and probate.

"Local providers will have to work harder and smarter and use more technology instead of staff to provide as much service as we can with fewer dollars," said Weir. "We will be providing more self-help training to clients enabling them to navigate the legal system on their own in routine matters, more assistance on the telephone, and less direct representation by attorneys in specific, high impact matters."

Currently, Michigan has 13 legal aid agencies covering the state's 83 counties. Eight receive LSC funding in addition to receiving charitable gifts and grants from various local supporters. Most of the eight providers rely on LSC funding for at least 40 percent of their annual operating budgets. Some of these providers have already laid off attorneys and support staff in anticipation of next year's reduced funding, according to Weir.

Weir added that the legal aid agencies will also recruit more attorneys from private practice to handle legal aid cases for free, and accelerate efforts to find alternative funding.

LSC is a private nonprofit organization established by Congress in 1974 to provide legal services to the poor. Last year Congress appropriated \$329 million to LSC to distribute to local programs across the country and LSC has requested the same amount for 2003.

LSC's funding request from Congress is essentially unchanged, says Weir, because the poverty population has decreased in some states such as Michigan, but has risen in others, and the number of persons in the U.S. living in poverty has changed little over the past decade.

According to the U.S. Census Bureau, 33.6 million persons in the U.S. were living below poverty level in 1990, compared to 31.6 million in 2000.

However, the census bureau's adjusted estimates for 2001 show an increase in poverty nationally. "The poverty rate and the number of poor both rose in 2001, to 11.7 percent and 32.9 million, up from 11.3 percent and 31.6 million," states Poverty in the United States: 2001, a recent bureau report.

Weir says that traditionally LSC sticks to the 10-year census data, and will not change its funding based on the 2001 data, however it is possible that LSC will make an adjustment in the future.

LAD was established in 1909 as the Legal Aid Society of Detroit and today is the largest legal aid provider in Michigan and one of the largest of its kind in the U.S. With a staff of 80 attorneys and 90 support staff, the organization provides civil legal services and criminal representation of indigent defendants in both state and federal courts. LAD services more than 15,000 citizens annually.

In addition to LSC, LAD is funded by United Way for Southeastern Michigan, Michigan State Bar Foundation, Detroit Area Agency on Aging, The Senior Alliance, City of Detroit, Wayne County, U.S. Department of Housing and Urban Development, Administrative Office of U.S. Courts, and private donations.